

GVSBO

GRAND VALLEY SCHOOL BUSINESS OFFICIALS
Regional Affiliate of Michigan School Business Officials

Friday, December 9, 2016

1:15 p.m.

Kent ISD, Coldwater Room

Call-in option:

Dial (616) 364-1333 and request GVSBO meeting

Agenda

- **Welcome & Introductions**
- **Legislative Update** – Chris Glass, West Michigan Talent Triangle and Ron Koehler, KISD
- **Main Program** – John Andrejack, MDE Office of Special Education, LEA Maintenance of Effort Changes and Excess Costs
- **President's Report**

GVSBO Officer Needed for 2017-18 - Program Chair

Business Administrator of the Year - nominations due to Jodi no later than March 10, 2017

2016-17 Meeting Schedule

January 13, 2017 – Coldwater Room

Program: Marios Demetriou, Detroit Public Schools Community District

What's Happening in Detroit & How It Is Impacting Districts and Negotiations

February 24, 2017 – Coldwater Room

Program: Kathryn Summers, Senate Fiscal Agency - State Aid Outlook

March 10, 2017 – Coldwater Room

Program: Bob Dwan, MSBO and David Hulings, Hulings and Associates

May 12, 2017 – Coldwater Room

Program: Bethany Wicksall, House Fiscal Agency - State Budget Outlook

- **Treasurer's Report & Membership Update**
- **Roundtable Discussion**

GVSBO Officers for 2016-17:

President: Jodi DeKuiper, Newaygo County RESA

Secretary: Catherine Kloska, MAISD

Program Chair: Tina Wright, MAISD

Treasurer: Kyle Barr, West Ottawa

Grand Valley School Business Officials

MEMORANDUM

Date: December, 2016
To: GVSBO Members
From: Jodi DeKuiper, President
Subject: GVSBO Business Administrator of the Year

Annually the GVSBO organization selects a Business Administrator of the Year. To ensure the program continues success, I hope you will take the time to review the general information listed below and consider nominating one of your peers as the GVSBO Business Administrator of the Year for 2017.

Evaluation criteria will include the following:

- Innovations, improvements, and accomplishments the nominee has played a role in implementing in their district.
- Involvement and attendance in GVSBO and other professional development.
- Professional development.
- Professional awards and recognition.
- Professional and personal activities including but not limited to such areas as publications, presentations, years of service, etc.
- Community and civic activities.

Please return this form to me no later than March 10, 2017.

I am nominating _____ as a deserving candidate for consideration as the 2016-17 GVSBO Business Administrator of the Year.

_____ Nominator _____ Date

Send nominations to:
Jodi DeKuiper, CFO
Newaygo County RESA
4747 W 48th Street
Fremont, MI 49412
jdekuiper@ncresa.org

*Grand Valley School Business Officials
December 9, 2016*

LOCAL EDUCATIONAL AGENCY MAINTENANCE OF EFFORT

An Overview of the Final Regulations and Major
Provision

John Andrejack, Financial Manager
Michigan Department of Education
Office of Special Education

OBJECTIVES

- Why LEA MOE?
- LEA MOE Definition
- Overview of Revisions
- How to calculate: a closer look
- Allowable exceptions and adjustment
- LEA MOE and CEIS Interaction
- Questions

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LEA MOE AND YOU: TURN AND TALK

- What is the biggest challenge or question that you have regarding your administrative responsibilities around LEA MOE?
- Rate your understanding of the new MOE regs:
0 = I didn't even know there were new regs
3 = I could do this workshop

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WHY REQUIRE MOE

- Purpose of LEA MOE:
 - Help ensure FAPE
 - Ensure sufficient funds to serve students with disabilities
- Parallel Requirement of State MFS
 - Provide steady source of available funds for LEAs to provide FAPE

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WHAT IS LEA MOE?

- LEAs must expend at least as much as they did previous year on education of children with disabilities.
- Two standards:
 - Eligibility: Must budget at least as much as they expended in last year for which information available.
 - Compliance must actually expend at least as much as they expended in previous (comparison year)- More on this later.

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WRITING EXERCISE

- We want your questions and your thoughts on LEA MOE.
- Write them down on the cards provided.
- We will collect them and discuss the ones we can today.
- The others we will take back and provide answers in another forum.

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OVERVIEW

- NPRM Published in September of 2013.
- Purpose of NPRM: To amend the LEA MOE regulations in §300.203 to clarify existing policy and make changes to:
 - The Compliance Standard
 - The Eligibility Standard
 - The Level of Effort Required of an LEA in the Year after it Fails to Maintain Effort (referred to as the Subsequent Years Rule)
 - Consequences for Failure to Maintain Effort

OVERVIEW (continued)

- Final regulations DO NOT introduce major substantive changes to the regulations.
- But, in response to comments, OSEP did make additional changes and clarifications, that address issues not addressed explicitly previously.
- Cumulative effect is significant.

OVERVIEW (continued)

- No changes to the LEA MOE exceptions §300.204)or the LEA MOE Adjustment (§300.205).
- But we will address the exceptions and adjustment later on in this presentation.

CATEGORIES OF CHANGES

1. Structural Changes
2. Four Methods
3. Comparison Year
4. Use of exceptions and adjustment in eligibility standard
5. Subsequent Years Rule
6. Consequences for Failure to Maintain Effort
7. Added Appendix E

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STRUCTURAL CHANGES

Regulations reorganized and renumbered the subsections under §300.203 as follows:

- a) Eligibility standard
- b) Compliance standard
- c) Subsequent years
- d) Consequence of failure to maintain effort

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FOUR METHODS

- Most common finding
- Not a change
- Made more explicit
- Clarifies that applies to both standards
- Four methods are:
 - local funds only;
 - the combination of State and local funds;
 - local funds only on a per capita basis; or
 - the combination of State and local funds on a per capita basis.

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SUBSEQUENT YEARS RULE

- First Articulated in Letter to Boundy (2012).
- Enacted into law in the 2014 and 2015 Appropriations Acts.
- Final Regulations make the rule permanent and provide details on implementation and implications.

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WHAT IT MEANS

- Defines what level of effort an LEA must meet in order to maintain effort in the year after an MOE failure:
- Level of effort that would have been required in the absence of that failure, not the LEA's reduced level of expenditures.

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Impact of Method on the Subsequent Years Rule

- To determine required level of effort, must look back to last year in which LEA maintained effort
- But must look back to the last year in which it maintained effort **using the same method by which it is establishing compliance.**
- We will explore this further with examples later on.

EXCEPTIONS AND ADJUSTMENT TO MOE

- Under IDEA, two categories allowing reduction of level of effort required to meet MOE:
 - Exceptions (§300.204)
 - Adjustment (§300.205)
- No Changes in Final Regulations.
- Under both, reduced level retained moving forward.

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EXCEPTIONS: § 300.204(a)

- (a) The **voluntary** departure, by retirement or otherwise, or departure for **just cause**, of special education or related services personnel.
 - Layoffs or Reductions in Force do not count
 - Reduction in LEA share of benefits do not count (Letter to White (2003))
 - Calculations can:
 - Consider differential in salary
 - Look at overall differential for LEA, rather than one-to-one correspondence

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EXCEPTIONS: § 300.204(b)

- (b) A decrease in the enrollment of children with disabilities.

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**EXCEPTIONS:
§ 300.204(c)**

- The termination of the obligation of the agency, consistent with this part, to provide a program of special education to a particular child with a disability that is an exceptionally costly program, as determined by the SEA, because the child—
 - (1) Has left the jurisdiction of the agency;
 - (2) Has reached the age at which the obligation of the agency to provide FAPE to the child has terminated; or
 - (3) No longer needs the program of special education.

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**EXCEPTIONS:
§ 300.204(d)**

- The termination of **costly expenditures** for **long-term purchases**, such as the acquisition of equipment or the construction of school facilities.
 - Long term= more than one year
 - Costly expenditure

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**EXCEPTIONS:
§ 300.204(e)**

- The assumption of cost by the high cost fund operated by the SEA under § 300.704(c).
 - Includes high cost funds financed through federal IDEA funds.

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**MOE ADJUSTMENT
OR FLEXIBILITY (§300.205)**

- If the IDEA allocation increases, the LEA, if it meets certain conditions, may reduce its MOE level up to 50 percent of the increase in the allocation.
- Conditions
 - Providing FAPE
 - Meets Requirements
 - Has not been identified with a Significant Disproportionality

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**CEIS AND LEA MOE
FLEXIBILITY INTERACTION**

- Special rule: The amount of funds expended by a LEA for CEIS shall count toward the maximum amount of expenditures such local educational agency may reduce for MOE flexibility
- Impact: Cannot take both full 50% of reduction and 15% for CEIS

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**CALCULATING MOE
REDUCTION AND CEIS**

- Must first determine the maximum amounts available for CEIS and MOE flexibility.
- Keep in mind:
 - MOE flexibility 50% of the increase in LEAs IDEA **611** allocation over previous year
 - Amount available for CEIS is 15% of an LEA's **611 and 619** allocation.

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USE OF EXCEPTIONS AND THE ELIGIBILITY STANDARD

- Prior regulations silent on applicability of exceptions and adjustments (§§300.204 and 205)
- Based on comments, decision was made to explicitly allow LEAs to consider the exceptions:
 - to the extent the information is available;
 - exceptions taken in the intervening year; and
 - exceptions that LEAs reasonably expect to take in the fiscal year for which the LEA is budgeting.

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MAKING IT CONCRETE

- Next series of slides takes these principles and applies them with real numbers
- We hope this will help illustrate what all of this means and how it works.

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Appendix E – Table 4

| Fiscal Year | Actual Level of Effort | Required Level of Effort | Met MOE? |
|-------------|------------------------|--------------------------|----------|
| 2012-2013 | \$100 | \$100 | YES |
| 2013-2014 | \$90 | \$100 | NO |
| 2014-2015 | \$90 | \$100 | NO |
| 2015-2016 | \$110 | \$100 | YES |
| 2016-2017 | | \$110 | |

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Appendix E – Table 5

| Fiscal Year | Local only | State And local | Local only per capita | State and local per capita | Child count |
|-------------|------------|-----------------|-----------------------|----------------------------|-------------|
| 2016 | \$500 | \$950 | \$50 | \$95 | 10 |
| 2017 | \$400 | \$950 | \$40 | \$95 | 10 |
| 2018 | \$500 | \$900 | \$50 | \$90 | 10 |

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Practice

- In small groups, use the example data tables to identify:
 - Which years the LEA met MOE
 - Which methods the LEA used to meet MOE in each year
- We will share out in 5 minutes.

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Example Data

| Fiscal Year | Local only | State and local | Local only per capita | State and local per capita | Child count |
|-------------|------------|-----------------|-----------------------|----------------------------|-------------|
| 2016 | \$10,500 | \$21,000 | \$1,050 | \$2,100 | 10 |
| 2017 | \$10,400 | \$21,600 | \$1,300 | \$2,700 | 8 |
| 2018 | \$10,650 | \$21,500 | \$1,065 | \$2,150 | 10 |
| 2019 | \$10,800 | \$22,200 | \$900 | \$1,850 | 12 |
| 2020 | \$8,900 | \$22,000 | \$890 | \$2,200 | 10 |

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Appendix E – Table 6

| Fiscal Year | Original Required Level of Effort | Exceptions & Adjustments | Required Level of Effort | Actual Level of Effort |
|-------------|-----------------------------------|--------------------------|--------------------------|------------------------|
| 2016 | \$500 | -- | \$500 | \$500 |
| 2017 | \$500 | -- | \$500 | \$400 |
| 2018 | \$500 | \$50 | \$450 | \$450 |
| 2019 | \$450 | \$10 + \$10 | \$430 | \$405 |

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Appendix E – Table 6

| Fiscal Year | Child Count | Original Required Level of Effort | Exceptions & Adjust. | Required Level of Effort | Actual Level of Effort |
|-------------|-------------|-----------------------------------|----------------------|--------------------------|------------------------|
| 2016 | 10 | \$50 | -- | \$50 | \$50 |
| 2017 | 10 | \$50 | -- | \$50 | \$40 |
| 2018 | 10 | \$50 | \$50/10 | \$45 | \$45 |
| 2019 | 9 | \$45 | \$20/10 | \$43 | \$45 |

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Appendix E – Table 8

| Fiscal Year | Local only | State and local | Local only per capita | State and local per capita | Child Count |
|------------------|------------|-----------------|-----------------------|----------------------------|-------------|
| 2015 | \$500 | \$1,000 | \$50 | \$100 | 10 |
| 2016 | \$450 | \$1,000 | \$45 | \$100 | 10 |
| 2017 | -- | -- | -- | -- | -- |
| Required in 2018 | \$500 | \$1,000 | \$50 | \$100 | -- |

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Appendix E – Table 9

| | Local only | State and local | Local only per capita | State and local per capita | Child Count |
|--|------------|-----------------|-----------------------|----------------------------|-------------|
| Actual 2015 | \$500 | \$1,000 | \$50 | \$100 | 10 |
| Exc. & Adj. taken in 2016 | -\$50 | -\$50 | -\$5 | -\$5 | |
| Expected Exc. & Adj. for 2017 | -\$25 | -\$25 | -\$2.50 | -\$2.50 | |
| Eligibility standard requirement in 2017 | \$425 | \$925 | \$42.50 | \$42.50 | |

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CONSEQUENCES FOR MOE FAILURE

- If LEA fails MOE, SEA **must** repay Federal Government out of Non-Federal Funds (or non-accountable Federal Funds).
- **May** require repayment from LEA out of Non-Federal Funds (or non-accountable Federal Funds).
- This is **not** new: based on GEPA (20 U.S.C. 1234a)
- Clarify by making it explicit in regulations
- Also clarifies how much must be returned

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AMOUNT TO BE REPAYED FOR LEA MOE FAILURE

...an amount equal to the amount by which the LEA failed to maintain its level of expenditures in accordance with paragraph (b) of this section in that fiscal year, or the amount of the LEA's Part B subgrant in that fiscal year, whichever is lower.

§300.203(d)

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Questions and Comments

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Follow Up

- If you have further questions contact:
–John Andrejack,
andrejackj@Michigan.gov
(517) 241-1235

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reduction of \$18,358,631, which represents 41 percent of the increase in that LEA's allocation from the previous year; but the reductions that were taken by the remaining LEAs were relatively small.

The combined amount by which eligible LEAs in the 50 States, the District of Columbia, and Puerto Rico could have reduced their level of effort in SY 2009–2010 was \$5.6 billion, but the actual combined reduction was only 27 percent of that amount, or \$1.5 billion. Because most LEAs did not reduce expenditures when they had an opportunity to do so, which would have led to an allowable reduction of their level of effort required in future years, it is reasonable to assume that a smaller number of LEAs would undertake reductions that constitute violations of the MOE requirement. We believe that it is highly unlikely that the 4,205 LEAs that met the requirement of section 613(a)(2)(C) of the IDEA and reduced their level of effort would seek further reductions that would violate the MOE requirement because they legitimately lowered their own required level of effort when they made those previous reductions.

Based on available audit findings and data, the Department believes that LEAs generally are unlikely to reduce expenditures in violation of the MOE requirement. Moreover, we believe that the requirement that LEAs make FAPE available to all eligible children with disabilities provides another critical protection against unwarranted reductions of expenditures to support education for children with disabilities. However, to ensure that State policy and administration of the MOE requirement are consistent with the Department's position on the required level of future expenditures in cases of LEA violations, we think that it is critical to change the regulations to clearly articulate the Department's interpretation of the law.

Paperwork Reduction Act of 1995

Under the Paperwork Reduction Act of 1995 (44 U.S.C. 3501–3520), we have assessed the potential information collections in these proposed regulations that would be subject to review by OMB (Report on IDEA Part B Maintenance of Effort Reduction (§ 300.205(a)) and Coordinated Early Intervening Services (§ 300.226)) (Information Collection 1820–0689). In conducting this analysis, the Department examined the extent to which the amended regulations would add information collection requirements for public agencies. Based on this analysis, the Secretary has concluded that these amendments to the Part B

regulations would not impose additional information collection requirements.

Intergovernmental Review

This program is subject to the requirements of Executive Order 12372 and the regulations in 34 CFR part 79. One of the objectives of the Executive order is to foster an intergovernmental partnership and a strengthened federalism. The Executive order relies on processes developed by State and local governments for coordination and review of proposed Federal financial assistance.

This document provides early notification of the Department's specific plans and actions for this program.

Assessment of Educational Impact

In the NPRM we requested comments on whether the proposed regulations would require transmission of information that any other agency or authority of the United States gathers or makes available.

Based on the response to the NPRM and on our review, we have determined that these final regulations do not require transmission of information that any other agency or authority of the United States gathers or makes available.

Accessible Format: Individuals with disabilities can obtain this document in an accessible format (e.g., braille, large print, audiotope, or compact disc) on request to the program contact person listed under **FOR FURTHER INFORMATION CONTACT**.

Electronic Access to This Document: The official version of this document is the document published in the Federal Register. Free Internet access to the official edition of the Federal Register and the Code of Federal Regulations is available via the Federal Digital System at: www.gpo.gov/fdsys. At this site you can view this document, as well as all other documents of this Department published in the Federal Register, in text or Adobe Portable Document Format (PDF). To use PDF you must have Adobe Acrobat Reader, which is available free at the site.

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(Catalog of Federal Domestic Assistance Number 84.181)

List of Subjects in 34 CFR Part 300

Administrative practice and procedure, Education of individuals with disabilities, Elementary and secondary education, Equal educational opportunity, Grant programs—education, Privacy, Private schools, Reporting and recordkeeping requirements.

Dated: April 9, 2015.

Arne Duncan,
Secretary of Education.

For the reasons discussed in the preamble, the Secretary amends part 300 of title 34 of the Code of Federal Regulations as follows:

PART 300—ASSISTANCE TO STATES FOR THE EDUCATION OF CHILDREN WITH DISABILITIES

■ 1. The authority citation for part 300 is revised to read as follows:

Authority: 20 U.S.C. 1221e–3, 1406, 1411–1419, 3474, unless otherwise noted.

■ 2. Section 300.203 is revised to read as follows:

§ 300.203 Maintenance of effort.

(a) *Eligibility standard.* (1) For purposes of establishing the LEA's eligibility for an award for a fiscal year, the SEA must determine that the LEA budgets, for the education of children with disabilities, at least the same amount, from at least one of the following sources, as the LEA spent for that purpose from the same source for the most recent fiscal year for which information is available:

- (i) Local funds only;
- (ii) The combination of State and local funds;
- (iii) Local funds only on a per capita basis; or
- (iv) The combination of State and local funds on a per capita basis.

(2) When determining the amount of funds that the LEA must budget to meet the requirement in paragraph (a)(1) of this section, the LEA may take into consideration, to the extent the information is available, the exceptions and adjustment provided in §§ 300.204 and 300.205 that the LEA:

- (i) Took in the intervening year or years between the most recent fiscal year for which information is available and the fiscal year for which the LEA is budgeting; and
- (ii) Reasonably expects to take in the fiscal year for which the LEA is budgeting.

(3) Expenditures made from funds provided by the Federal government for which the SEA is required to account to the Federal government or for which the LEA is required to account to the

Federal government directly or through the SEA may not be considered in determining whether an LEA meets the standard in paragraph (a)(1) of this section.

(b) *Compliance standard.* (1) Except as provided in §§ 300.204 and 300.205, funds provided to an LEA under Part B of the Act must not be used to reduce the level of expenditures for the education of children with disabilities made by the LEA from local funds below the level of those expenditures for the preceding fiscal year.

(2) An LEA meets this standard if it does not reduce the level of expenditures for the education of children with disabilities made by the LEA from at least one of the following sources below the level of those expenditures from the same source for the preceding fiscal year, except as provided in §§ 300.204 and 300.205:

- (i) Local funds only;
- (ii) The combination of State and local funds;
- (iii) Local funds only on a per capita basis; or
- (iv) The combination of State and local funds on a per capita basis.

(3) Expenditures made from funds provided by the Federal government for which the SEA is required to account to the Federal government or for which the LEA is required to account to the Federal government directly or through the SEA may not be considered in determining whether an LEA meets the standard in paragraphs (b)(1) and (2) of this section.

(c) *Subsequent years.* (1) If, in the fiscal year beginning on July 1, 2013 or July 1, 2014, an LEA fails to meet the requirements of § 300.203 in effect at that time, the level of expenditures required of the LEA for the fiscal year subsequent to the year of the failure is the amount that would have been required in the absence of that failure,

not the LEA's reduced level of expenditures.

(2) If, in any fiscal year beginning on or after July 1, 2015, an LEA fails to meet the requirement of paragraph (b)(2)(i) or (iii) of this section and the LEA is relying on local funds only, or local funds only on a per capita basis, to meet the requirements of paragraph (a) or (b) of this section, the level of expenditures required of the LEA for the fiscal year subsequent to the year of the failure is the amount that would have been required under paragraph (b)(2)(i) or (iii) in the absence of that failure, not the LEA's reduced level of expenditures.

(3) If, in any fiscal year beginning on or after July 1, 2015, an LEA fails to meet the requirement of paragraph (b)(2)(ii) or (iv) of this section and the LEA is relying on the combination of State and local funds, or the combination of State and local funds on a per capita basis, to meet the requirements of paragraph (a) or (b) of this section, the level of expenditures required of the LEA for the fiscal year subsequent to the year of the failure is the amount that would have been required under paragraph (b)(2)(ii) or (iv) in the absence of that failure, not the LEA's reduced level of expenditures.

(d) *Consequence of failure to maintain effort.* If an LEA fails to maintain its level of expenditures for the education of children with disabilities in accordance with paragraph (b) of this section, the SEA is liable in a recovery action under section 452 of the General Education Provisions Act (20 U.S.C. 1234a) to return to the Department, using non-Federal funds, an amount equal to the amount by which the LEA failed to maintain its level of expenditures in accordance with paragraph (b) of this section in that fiscal year, or the amount of the LEA's Part B subgrant in that fiscal year, whichever is lower. (Approved by the

Office of Management and Budget under control number 1820-0600)

(Authority: 20 U.S.C. 1413(a)(2)(A), Pub. L. 113-76, 128 Stat. 5, 394 (2014), Pub. L. 113-235, 128 Stat. 2130, 2499 (2014))

§ 300.204 [Amended]

■ 3. Section 300.204 is amended by removing, from the introductory text, the citation “§ 300.203(a)” and adding, in its place, the citation “§ 300.203(b)”.

§ 300.205 [Amended]

■ 4. Section 300.205 is amended by removing, from paragraph (a), both instances of the citation “§ 300.203(a)”, and adding, in both places, the citation “§ 300.203(b)”.

§ 300.208 [Amended]

■ 5. Section 300.208 is amended by removing, from paragraph (a), the citation “300.203(a)” and adding, in its place, the citation “300.203(b)”. Appendix E to Part 300 [Redesignated as Appendix F to Part 300]

■ 6. Appendix E to part 300 is redesignated as Appendix F to part 300.

■ 7. A new Appendix E is added to read as follows:

Appendix E To Part 300—Local Educational Agency Maintenance of Effort Calculation Examples

The following tables provide examples of calculating LEA MOE. Figures are in \$10,000s. All references to a “fiscal year” in these tables refer to the fiscal year covering that school year, unless otherwise noted.

Tables 1 through 4 provide examples of how an LEA complies with the Subsequent Years rule. In Table 1, for example, an LEA spent \$1 million in Fiscal Year (FY) 2012–2013 on the education of children with disabilities. In the following year, the LEA was required to spend at least \$1 million but spent only \$900,000. In FY 2014–2015, therefore, the LEA was required to spend \$1 million, the amount it was required to spend in FY 2013–2014, not the \$900,000 it actually spent.

TABLE 1—EXAMPLE OF LEVEL OF EFFORT REQUIRED TO MEET MOE COMPLIANCE STANDARD IN YEAR FOLLOWING A YEAR IN WHICH LEA FAILED TO MEET MOE COMPLIANCE STANDARD

| Fiscal year | Actual level of effort | Required level of effort | Notes |
|-----------------|------------------------|--------------------------|---|
| 2012–2013 | \$100 | \$100 | LEA met MOE. |
| 2013–2014 | 90 | 100 | LEA did not meet MOE. |
| 2014–2015 ..... | ..... | 100 | Required level of effort is \$100 despite LEA's failure in 2013–2014. |

Table 2 shows how to calculate the required amount of effort when there are

consecutive fiscal years in which an LEA does not meet MOE.

TABLE 2—EXAMPLE OF LEVEL OF EFFORT REQUIRED TO MEET MOE COMPLIANCE STANDARD IN YEAR FOLLOWING CONSECUTIVE YEARS IN WHICH LEA FAILED TO MEET MOE COMPLIANCE STANDARD

| Fiscal year | Actual level of effort | Required level of effort | Notes |
|-----------------|------------------------|--------------------------|---|
| 2012–2013 | \$100 | \$100 | LEA met MOE. |
| 2013–2014 | 90 | 100 | LEA did not meet MOE. |
| 2014–2015 | 90 | 100 | LEA did not meet MOE. Required level of effort is \$100 despite LEA's failure in 2013–2014. |
| 2015–2016 ..... | ..... | 100 | Required level of effort is \$100 despite LEA's failure in 2013–2014 and 2014–2015. |

Table 3 shows how to calculate the required level of effort in a fiscal year after the year in which an LEA spent more than

the required amount on the education of children with disabilities. This LEA spent \$1.1 million in FY 2015–2016 though only \$1

million was required. The required level of effort in FY 2016–2017, therefore, is \$1.1 million.

TABLE 3—EXAMPLE OF LEVEL OF EFFORT REQUIRED TO MEET MOE COMPLIANCE STANDARD IN YEAR FOLLOWING YEAR IN WHICH LEA MET MOE COMPLIANCE STANDARD

| Fiscal year | Actual level of effort | Required level of effort | Notes |
|-----------------|------------------------|--------------------------|---|
| 2012–2013 | \$100 | \$100 | LEA met MOE. |
| 2013–2014 | 90 | 100 | LEA did not meet MOE. |
| 2014–2015 | 90 | 100 | LEA did not meet MOE. Required level of effort is \$100 despite LEA's failure in 2013–2014. |
| 2015–2016 | 110 | 100 | LEA met MOE. |
| 2016–2017 ..... | ..... | 110 | Required level of effort is \$110 because LEA expended \$110, and met MOE, in 2015–2016. |

Table 4 shows the same calculation when, in an intervening fiscal year, 2016–2017, the LEA did not maintain effort.

TABLE 4—EXAMPLE OF LEVEL OF EFFORT REQUIRED TO MEET MOE COMPLIANCE STANDARD IN YEAR FOLLOWING YEAR IN WHICH LEA DID NOT MEET MOE COMPLIANCE STANDARD

| Fiscal year | Actual level of effort | Required level of effort | Notes |
|-----------------|------------------------|--------------------------|--|
| 2012–2013 | \$100 | \$100 | LEA met MOE. |
| 2013–2014 | 90 | 100 | LEA did not meet MOE. |
| 2014–2015 | 90 | 100 | LEA did not meet MOE. Required level of effort is \$100 despite LEA's failure in 2013–2014. |
| 2015–2016 | 110 | 100 | LEA met MOE. |
| 2016–2017 | 100 | 110 | LEA did not meet MOE. Required level of effort is \$110 because LEA expended \$110, and met MOE, in 2015–2016. |
| 2017–2018 ..... | ..... | 110 | Required level of effort is \$110, despite LEA's failure in 2016–2017. |

Table 5 provides an example of how an LEA may meet the compliance standard using alternate methods from year to year without using the exceptions or adjustment in §§ 300.204 and 300.205, and provides information on the following scenario. In FY 2015–2016, the LEA meets the compliance standard using all four methods. As a result, in order to demonstrate that it met the

compliance standard using any one of the four methods in FY 2016–2017, the LEA must expend at least as much as it did in FY 2015–2016 using that same method. Because the LEA spent the same amount in FY 2016–2017 as it did in FY 2015–2016, calculated using a combination of State and local funds and a combination of State and local funds on a per capita basis, the LEA met the

compliance standard using both of those methods in FY 2016–2017. However, the LEA did not meet the compliance standard in FY 2016–2017 using the other two methods—local funds only or local funds only on a per capita basis—because it did not spend at least the same amount in FY 2016–2017 as it did in FY 2015–2016 using the same methods.

TABLE 5—EXAMPLE OF HOW AN LEA MAY MEET THE COMPLIANCE STANDARD USING ALTERNATE METHODS FROM YEAR TO YEAR

| Fiscal year | Local funds only | Combination of State and local funds | Local funds only on a per capita basis | Combination of State and local funds on a per capita basis | Child count |
|-----------------|------------------|--------------------------------------|--|--|-------------|
| 2015–2016 | *\$500 | *\$950 | *\$50 | *\$95 | 10 |
| 2016–2017 | 400 | *950 | 40 | *95 | 10 |

TABLE 5—EXAMPLE OF HOW AN LEA MAY MEET THE COMPLIANCE STANDARD USING ALTERNATE METHODS FROM YEAR TO YEAR—Continued

| Fiscal year | Local funds only | Combination of State and local funds | Local funds only on a per capita basis | Combination of State and local funds on a per capita basis | Child count |
|-----------------|------------------|--------------------------------------|--|--|-------------|
| 2017–2018 | * 500 | 900 | * 50 | 90 | 10 |

* LEA met compliance standard using this method.

Table 6 provides an example of how an LEA may meet the compliance standard using alternate methods from year to year in which the LEA used the exceptions or adjustment in §§ 300.204 and 300.205, including using the per capita methods.

TABLE 6—EXAMPLE OF HOW AN LEA MAY MEET THE COMPLIANCE STANDARD USING ALTERNATE METHODS FROM YEAR TO YEAR AND USING EXCEPTIONS OR ADJUSTMENT UNDER §§ 300.204 AND 300.205

| Fiscal year | Local funds only | Combination of State and local funds | Local funds only on a per capita basis | Combination of State and local funds on a per capita basis | Child count |
|-----------------|--|---|--|---|-------------|
| 2015–2016 | \$500* | \$950* | \$50* | \$95* | 10 |
| 2016–2017 | 400 | 950* | 40 | 95* | 10 |
| 2017–2018 | 450* | 1,000* | 45* | 100* | 10 |
| | In 2017–2018, the LEA was required to spend at least the same amount in local funds only that it spent in the preceding fiscal year, subject to the Subsequent Years rule. Therefore, prior to taking any exceptions or adjustment in §§ 300.204 and 300.205, the LEA was required to spend at least \$500 in local funds only. In 2017–2018, the LEA properly reduced its expenditures, per an exception in § 300.204, by \$50, and therefore, was required to spend at least \$450 in local funds only (\$500 from 2015–2016 per Subsequent Years rule – \$50 allowable reduction per an exception under § 300.204). | | In 2017–2018, the LEA was required to spend at least the same amount in local funds only on a per capita basis that it spent in the preceding fiscal year, subject to the Subsequent Years rule. Therefore, prior to taking any exceptions or adjustment in §§ 300.204 and 300.205, the LEA was required to spend at least \$50 in local funds only on a per capita basis. In 2017–2018, the LEA properly reduced its aggregate expenditures, per an exception in § 300.204, by \$50. \$50/10 children with disabilities in the comparison year (2015–2016) = \$5 per capita allowable reduction per an exception under § 300.204. \$50 local funds only on a per capita basis (from 2015–2016 per Subsequent Years rule) – \$5 allowable reduction per an exception under § 300.204 = \$45 local funds only on a per capita basis to meet MOE. | | |
| 2018–2019 | 405 | 1,000* | 45* | 111.11* | 9 |
| | In 2018–2019, the LEA was required to spend at least the same amount in local funds only that it spent in the preceding fiscal year, subject to the Subsequent Years rule. Therefore, prior to taking any exceptions or adjustment in §§ 300.204 and 300.205, the LEA was required to spend at least \$450 in local funds only. In 2018–2019, the LEA properly reduced its expenditures, per an exception in § 300.204 by \$10 and the adjustment in § 300.205 by \$10. Therefore, the LEA was required to spend at least \$430 in local funds only. (\$450 from 2017–2018 – \$20 allowable reduction per an exception and the adjustment under §§ 300.204 and 300.205). | Because the LEA did not reduce its expenditures from the comparison year (2017–2018) using a combination of State and local funds, the LEA met MOE. | In 2018–2019, the LEA was required to spend at least the same amount in local funds only on a per capita basis that it spent in the preceding fiscal year, subject to the Subsequent Years rule. Therefore, prior to taking any exceptions or adjustment in §§ 300.204 and 300.205, the LEA was required to spend at least \$45 in local funds only on a per capita basis. In 2018–2019, the LEA properly reduced its aggregate expenditures, per an exception in § 300.204 by \$10 and the adjustment in § 300.205 by \$10. \$20/10 children with disabilities in the comparison year (2017–2018) = \$2 per capita allowable reduction per an exception and the adjustment under §§ 300.204 and 300.205. \$45 local funds only on a per capita basis (from 2017–2018) – \$2 allowable reduction per an exception and the adjustment under §§ 300.204 and 300.205 = \$43 local funds only on a per capita basis required to meet MOE. Actual level of effort is \$405/9 (the current year child count). | Because the LEA did not reduce its expenditures from the comparison year (2017–2018) using a combination of State and local funds on a per capita basis (\$1,000/9 = \$111.11 and \$111.11 > \$100), the LEA met MOE. | |

* LEA met MOE using this method.

Note: When calculating any exception(s) and/or adjustment on a per capita basis for the purpose of determining the required level of effort, the LEA must use the child count from the comparison year, and not the child count of the year in which the LEA took the exception(s) and/or adjustment. When determining the actual level of effort on a per capita basis, the LEA must use the child count for the current year. For example, in 2018–2019, the LEA uses a child count of 9, not the child count of 10 in the comparison year, to determine the actual level of effort.

Tables 7 and 8 demonstrate how an LEA could meet the eligibility standard over a period of years using different methods from

year to year. These tables assume that the LEA did not take any of the exceptions or adjustment in §§ 300.204 and 300.205.

Numbers are in \$10,000s budgeted and spent for the education of children with disabilities.

TABLE 7—EXAMPLE OF HOW AN LEA MAY MEET THE ELIGIBILITY STANDARD IN 2016–2017 USING DIFFERENT METHODS

| Fiscal year | Local funds only | Combination of State and local funds | Local funds only on a per capita basis | Combination of State and local funds on a per capita basis | Child count | Notes |
|---|------------------|--------------------------------------|--|--|-------------|--|
| 2014–2015 | *\$500 | *\$1,000 | *\$50 | *\$100 | 10 | The LEA met the compliance standard using all 4 methods.* Final information not available at time of budgeting for 2016–2017. When the LEA submits a budget for 2016–2017, the most recent fiscal year for which the LEA has information is 2014–2015. It is not necessary for the LEA to consider information on expenditures for a fiscal year prior to 2014–2015 because the LEA maintained effort in 2014–2015. Therefore, the Subsequent Years rule in § 300.203(c) is not applicable. |
| 2015–2016 ..... | ..... | ..... | ..... | ..... | ..... |  |
| How much must the LEA budget for 2016–2017 to meet the eligibility standard in 2016–2017? | 500 | 1,000 | 50 | 100 | ..... |  |

* The LEA met the compliance standard using all 4 methods.

TABLE 8—EXAMPLE OF HOW AN LEA MAY MEET THE ELIGIBILITY STANDARD IN 2017–2018 USING DIFFERENT METHODS AND THE APPLICATION OF THE SUBSEQUENT YEARS RULE

| Fiscal year | Local funds only | Combination of State and local funds | Local funds only on a per capita basis | Combination of State and local funds on a per capita basis | Child count | Notes |
|---|------------------|--------------------------------------|--|--|-------------|--|
| 2014–2015 | *\$500 | *\$1,000 | *\$50 | *\$100 | 10 | Final information not available at time of budgeting for 2017–2018. If the LEA seeks to use a combination of State and local funds, or a combination of State and local funds on a per capita basis, to meet the eligibility standard, the LEA does not consider information on expenditures for a fiscal year prior to 2015–2016 because the LEA maintained effort in 2015–2016 using those methods. However, if the LEA seeks to use local funds only, or local funds only on a per capita basis, to meet the eligibility standard, the LEA must use information on expenditures for a fiscal year prior to 2015–2016 because the LEA did not maintain effort in 2015–2016 using either of those methods, per the Subsequent Years rule. That is, the LEA must determine what it should have spent in 2015–2016 using either of those methods, and that is the amount that the LEA must budget in 2017–2018. |
| 2015–2016 | 450 | *1,000 | 45 | *100 | 10 | |
| 2016–2017 ..... | ..... | ..... | ..... | ..... | ..... |  |
| How much must the LEA budget for 2017–2018 to meet the eligibility standard in 2017–2018? | 500 | 1,000 | 50 | 100 | ..... |  |

* LEA met MOE using this method.

Table 9 provides an example of how an LEA may consider the exceptions and adjustment in §§ 300.204 and 300.205 when

budgeting for the expenditures for the education of children with disabilities.

TABLE 9—EXAMPLE OF HOW AN LEA MAY MEET THE ELIGIBILITY STANDARD USING EXCEPTIONS AND ADJUSTMENT IN §§ 300.204 AND 300.205, 2016–2017

| Fiscal year | Local funds only | Combination of State and local funds | Local funds only on a per capita basis | Combination of State and local funds on a per capita basis | Child count | Notes |
|---|------------------|--------------------------------------|--|--|-------------|---|
| Actual 2014–2015 expenditures. | *\$500 | *\$1,000 | *\$50 | *\$100 | 10 | The LEA met the compliance standard using all 4 methods.* LEA uses the child count number from the comparison year (2014–2015). |
| Exceptions and adjustment taken in 2015–2016. | –50 | –50 | –5 | –5 | ..... |  |
| Exceptions and adjustment the LEA reasonably expects to take in 2016–2017. | –25 | –25 | –2.50 | –2.50 | ..... |  |
| How much must the LEA budget to meet the eligibility standard in 2016–2017? | 425 | 925 | 42.50 | 92.50 | ..... | When the LEA submits a budget for 2016–2017, the most recent fiscal year for which the LEA has information is 2014–2015. However, if the LEA has information on exceptions and adjustment taken in 2015–2016, the LEA may use that information when budgeting for 2016–2017. The LEA may also use information that it has on any exceptions and adjustment it reasonably expects to take in 2016–2017 when budgeting for that year. |

Table 10 provides examples both of how to calculate the amount by which an LEA failed to maintain its level of expenditures and of the amount of non-Federal funds that an SEA must return to the Department on account of that failure.

TABLE 10—EXAMPLE OF HOW TO CALCULATE THE AMOUNT OF AN LEA'S FAILURE TO MEET THE COMPLIANCE STANDARD IN 2016–2017 AND THE AMOUNT THAT AN SEA MUST RETURN TO THE DEPARTMENT

| Fiscal year | Local funds only | Combination of State and local funds | Local funds only on a per capita basis | Combination of State and local funds on a per capita basis | Child count | Amount of IDEA Part B subgrant |
|---|------------------|--------------------------------------|--|--|-------------|--------------------------------|
| 2015–2016 | *\$500 | *\$950 | \$50* | \$95* ..... | ..... | Not relevant. |
| 2016–2017 | 400 | 750 | 40 | 75 | 10 | \$50 |
| Amount by which an LEA failed to maintain its level of expenditures in 2016–2017. | 100 | 200 | 100 (the amount of the failure equals the amount of the per capita shortfall (\$10) times the number of children with disabilities in 2016–2017 (10)). | 200 (the amount of the failure equals the amount of the per capita shortfall (\$20) times the number of children with disabilities in 2016–2017 (10)). | ..... | ..... |

The SEA determines that the amount of the LEA's failure is \$100 using the calculation method that results in the lowest amount of a failure. The SEA's liability is the lesser of the four calculated shortfalls and the amount of the LEA's Part B subgrant in the fiscal year in which the LEA failed to meet the compliance standard. In this case, the SEA must return \$50 to the Department because the LEA's IDEA Part B subgrant was \$50, and that is the lower amount.

* LEA met MOE using this method.